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FM AMEMBASSY ASHGABAT
TO RUEHC/SECSTATE WASHDC PRIORITY 1729
INFO RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE
RUCNCIS/CIS COLLECTIVE
RUCNMEM/EU MEMBER STATES COLLECTIVE
RUEHAK/AMEMBASSY ANKARA 4417
RUEHBJ/AMEMBASSY BEIJING 2229
RUEHKO/AMEMBASSY TOKYO 2094
RUEHIT/AMCONSUL ISTANBUL 2665
RUCPDOG/DEPT OF COMMERCE WASHDC
RHEHNSC/NSC WASHDC
RUEATRS/DEPT OF TREASURY WASHDC
RHMFISS/CDR USCENCOM MACDILL AFB FL
RUEAIIA/CIA WASHDC
RHEFDIA/DIA WASHDC
RUEKJCS/JOINT STAFF WASHDC
RUEKJCS/SECDEF WASHINGTON DC
RUEHVEN/USMISSION USOSCE 2986

C O N F I D E N T I A L SECTION 01 OF 02 ASHGABAT 001377

SIPDIS

STATE FOR SCA/CEN, EEB

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TAGS: [ECON](#) [EINV](#) [EIND](#) [TX](#) [TU](#)

SUBJECT: NEW TURKISH CONSTRUCTION COMPANY OPENS SHOP IN
TURKMENISTAN, WITH A DEAL IN HAND

REF: A. ASHGABAT 514

[1](#)B. ASHGABAT 483

Classified By: Charge d'Affaires a.i. Sylvia Reed Curran for reasons 1.
4 (B) and (D).

[1](#)1. (C) SUMMARY: Another Turkish construction company, Yapi Taahhut Tasarim Inshaat ("Yapi"), has entered the Turkmenistan market. Leading Yapi's Ashgabat office is a young Turk who until recently worked at rival company Polimeks and who brings with him significant experience in Turkmenistan's construction business. Yapi is completing work on a sanatorium that MACC Construction began. The president publicly criticized MACC and several other small Turkish construction firms in a public meeting in April. Yapi is using international project management standards and an international consulting firm on this project, tools not used in Turkmen construction projects until now. The rewards for good work can be significant -- this local manager has been promised a yacht upon successful completion. END SUMMARY.

INTRODUCTION TO YAPI

[1](#)2. (C) Caner Demir (please protect throughout) worked until recently for the busiest Turkish construction firm in Turkmenistan, Polimeks. He was approached to join Yapi Taahhut Tasarim Inshaat ("Procurement Design Construction") by his friend who is the company's Kazakhstan general manager. Demir said in a meeting on October 17 that Yapi, a 34-year-old company, has recently been working in Ukraine and Russia in addition to Jordan. Demir, who is a minor partner in the office, mentioned that the two major partners will spend most of their time in Turkey. The company specializes in construction of health and tourism facilities, business and shopping centers, space used for educational and social purposes, residential and infrastructure projects, energy transfer lines, and telecommunication towers.

TAKING OVER THE ARCHMAN/VILI SUW PROJECT FROM MACC

[1](#)3. (C) Yapi opened the Ashgabat office when the company closed the deal for a resort/recreation center/spa, the

Archman Hydrotherapy Center and the "Vili Suw" unit. Archman is located 130 kilometers away from Ashgabat, and the Vili Suw ("hot water") unit is another 30 kilometers away. Yapi aims to complete the Archman project by the beginning of June. Demir said that the Minister of Healthcare and Medical Industry asked Yapi to take over work already begun by MACC, one of the smaller Turkish companies that the president publicly rebuked in a meeting with Turkish construction companies in April (Ref. A). According to Demir, MACC is no longer working in Turkmenistan. The Islamic Development Bank and the Organization of the Petroleum Exporting Countries are financing the construction of these facilities, with a smaller contribution from the Government of Turkmenistan. Demir said that there is some discussion on the governmental level about setting up some public transportation options to the facilities, but he didn't know the details.

BRINGING INTERNATIONAL MANAGEMENT TOOLS TO TURKMEN CONSTRUCTION

¶4. (C) Demir said that the Archman/Vili Suw project is the only project in Turkmenistan to use an international consultant -- Bangladesh Consultants Ltd. -- which will guarantee an international standard. Yapi is also using the International Federation of Consulting Engineers (FIDIC) project management system. Because this is new in Turkmenistan, Demir's Turkmen foremen who are experienced with Turkish construction firms are learning this system and therefore Demir said that the "(work) habits are a mixture of FIDIC and Turkmen."

ASHGABAT 00001377 002 OF 002

¶5. (C) COMMENT: From appearances, Yapi is attempting to raise construction and operational/management standards to a European level. Demir made several comments about the chaos that reigned at Polimeks, whose business plan operates on the basis of giving gifts to the president -- fountains, the world's largest flagpole, etc. -- each one more extravagant than the last (Ref. B). However, when asked about some yacht magazines on his desk, Demir said that the major partners in the firm promised him one upon successful completion of the project. END COMMENT.
CURRAN